

## REQUIREMENTS

- A. A main goal of the Family Investment Program is to assist customers in removing obstacles towards gainful employment. As an incentive, helpful deductions are allowed for those who work
- B. Allowable deductions for earned income include the following:
1. 20% gross earned income deduction (Initial Needs Test) applies to
    - New applicants
  2. 35% gross earned income deduction applies to
    - New applicants who pass the Initial Needs Test
    - TCA customers who begin employment
  3. 50% gross earned income deduction applies to
    - New applicants who are self-employed
    - TCA customers who become self-employed
  4. Child care deduction applies to
    - New applicants
      - a. \$200 deduction if the individual is employed full-time
      - b. \$100 deduction if the individual is employed part-time
    - TCA customers
      - a. \$200 deduction if the individual is employed full-time
      - b. \$100 deduction if the individual is employed part-time

<b>Note:</b> Full-time employment is 100 or more hours per month. Part-time is less than 100 hours per month.
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5. Child support payment deduction
    - Legally obligated payments made to individuals outside of the home (Verifiable)
  6. Alimony payment deduction (only allowed for stepparents or sponsors)
    - Legally obligated payments made to individuals living outside of the home (Verifiable)
- C. There are only 3 allowable deductions for unearned income:
1. Verified child support payments to individuals outside of the assistance unit, and
  2. Verified alimony payments to individuals living outside of the assistance unit (only allowed for stepparents or sponsors)
  3. Verified dependent care for work, seeking employment or participating in training that leads to employment
- Note:** Remember to drop cents when calculating earnings and deductions.
- D. Do not allow the same deduction from the earned and unearned income of an applicant or customer
- E. Incidentals such as: lunch, carfare, taxes, and other related working expenses are factored into the 20% and 35% deductions. These incidentals and the cost to produce have also been factored into the 50% deduction for those who are self - employed
- F. The net countable income is:
1. The amount left after allowable deductions have been subtracted from the gross **earned income** amount
  2. If the net countable earned and unearned income exceeds or equals the TCA benefit grant amount for the family size, deny the application or terminate the case
  3. If the net countable earned and unearned income is less than the TCA benefit grant amount for the family size, the family is eligible for the

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difference between the TCA benefit grant amount for the family size and the net countable income

## **BASIC INCOME CALCULATIONS**

- A. Determine the gross earned income
- B. Give allowable earnings deductions
  1. If a new applicant, use the 20% initial needs test disregard
  2. If the result exceeds the grant amount, deny the application
  3. If the result is less than the grant amount, go to step B 4.
  4. Use the 35% disregard if the initial needs test is passed, or if the person with the earnings is not an applicant
- C. Add all countable unearned income
- D. Compare the result to the TCA maximum benefit amount

## **EXAMPLES**

Example 1. Mrs. Witcher applied for cash assistance because of a reduction in her work hours from full-time to part-time. She earns \$75 each week, and pays \$25 each week for the care of her infant daughter. Her mother gives her \$50 per month to help with expenses. With her part-time earnings, she passes the 20% initial needs test, and is eligible to receive the 35% disregard of earnings.

- \$300 = Gross monthly earnings
- 105 = 35% Disregard
- \$195
- 100 = Child care expense
- \$ 95 = Net countable earnings
- + 50 = Contribution from Mother
- \$145 = Net countable income
  
- \$328 = TCA benefit for a family size 2
- 145 = Net countable income
- \$183 = TCA benefit grant amount

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- It would be advantageous to advise Mrs. Witcher to have her mother pay the \$50 directly to an expense so that we would not have to count the \$50.

Example 2. Mrs. Burley has been receiving cash assistance for herself and 2 daughters. She has found full-time employment and will be paid \$250 a week. She will be paying \$130 per week (\$65 per child) for child care expenses. She also receives \$100 a month in social security benefits for one of her daughters

- $\$1000 = \text{Gross monthly earnings } (\$250 \times 4)$   
 $\underline{-350} = 35\% \text{ Disregard}$   
 $\$ 650$   
 $\underline{- 400} = \text{Child care expenses (Maximum allowable amount)}$   
 $\$ 250 = \text{Net countable earnings}$   
 $\underline{+100} = \text{Social Security benefit}$   
 $\$ 350 = \text{Net countable income}$   
  
 $\$ 417 = \text{TCA benefit for a family size 3}$   
 $\underline{- 350} = \text{Net countable income}$   
 $\$ 67 = \text{TCA benefit grant amount}$

- Refer Mrs. Burley to Purchase of Care for child care services.

Example 3. Mr. McIntosh applied for assistance for himself, wife, and son. He is self-employed as a painter and earns \$1500 per month. His wife watches their son, so there is no child care expense

- $\$1500 = \text{Gross monthly earnings}$   
 $\underline{- 750} = 50\% \text{ Disregard}$   
 $\$ 750 = \text{Net countable earnings}$

$\$ 417 = \text{TCA benefit for a family size 3}$

The McIntosh family is ineligible for TCA due to the amount of countable earnings

Example 4. Mr. McIntosh returns to the local department 8 months later to reapply for assistance due to illness. He has been unable to work because of an accident at home. The family does not have any insurance coverage. Mrs. McIntosh has been working part-time earning \$125 a week and Mr. McIntosh watches their son

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- \$ 500 = Gross monthly earnings  
- 100 = 20% Disregard  
\$ 400 = Passed the initial needs test

\$ 500 = Gross monthly earnings  
- 175 = 35% Disregard  
\$ 325 = Net countable earnings

\$ 417 = TCA grant for a family size 3  
- 325 = Net countable earnings  
\$ 92 = TCA benefit grant amount

The McIntosh family is eligible in this situation

Example 5. Mr. and Mrs. Grinch received assistance for themselves and 2 daughters. Mr. Grinch receives workman's compensation of \$150 per month and pays \$90 per month in court ordered child support to his son from a prior marriage. Mrs. Grinch works part-time earning \$70 per week. She pays \$20 per week for child care because she is in a full-time training program.

- \$ 280 = Gross monthly earnings  
- 98 = 35% disregard  
\$ 182  
- 80 = Child care expenses  
\$ 102 = Countable net earnings  
+ 150 = Workman's compensation  
\$ 252  
- 90 = Court ordered child support  
\$ 162 = Net countable income

\$ 503 = TCA grant for a family size 4  
- 162 = Net income  
\$341 = TCA benefit grant amount

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## **ADDITIONAL INFORMATION**

- Financial Eligibility - Child Care Expenses
- Financial Eligibility - Earned Income
- Financial Eligibility - Initial Needs Test
- Financial Eligibility - Lump Sum
- Financial Eligibility - Self Employment
- Financial Eligibility - Unearned Income